

## Representation - Draft Modification Report UNC 0858S

### Amendment to Network Entry Provision at Shell St Fergus Terminal

**Responses invited by: 5pm on 19 October 2023**

**To:** [enquiries@gasgovernance.co.uk](mailto:enquiries@gasgovernance.co.uk)

*Please note submission of your representation confirms your consent for publication/circulation.*

<b>Representative:</b>	Christiane Sykes
<b>Organisation:</b>	Shell Energy Europe Limited
<b>Date of Representation:</b>	
<b>Support or oppose implementation?</b>	Support
<b>Relevant Objective:</b>	a) Positive  d) Positive
<b>Relevant Charging Methodology Objective:</b>	Not Applicable

#### Reason for support: Please summarise (in one paragraph) the key reason(s)

Shell Energy Europe Limited (SEEL) supports this proposed modification for the reasons set out in our proposal.

According to Ofgem figures<sup>i</sup>, the average British household uses 14900 kWh/year (0.05364 TJ/year) of energy (gas and electricity combined). This proposal could, therefore, increase deliveries to the NTS to meet the demand of 136,000-204,000 households per year, which would benefit UK energy supply security.

As National Gas Transmission states in their Gas Winter Outlook September 2023<sup>ii</sup>, 'whilst we have more confidence that the market will perform as expected, we shouldn't discount the risk of events occurring, either in isolation or in combination, to put the EU and therefore by extension GB, under stress'. Fine-tuning our St Fergus operations will enable Shell to provide more energy to the NTS, which will help to mitigate at least some of the risk related to unforeseen events occurring this winter.

This proposal better facilitates the Transporters' Relevant Objectives:

Securing of effective competition between relevant shippers: by levelling the playing field and preventing discrimination through aligning the Shell St Fergus Upper WI limit with the

GS(M)R legislation and with other terminals delivering gas onto the NTS, consistent with the standard Network Entry Agreement limit and within the existing GS(M)R range.

Efficient and economic operation of the pipe-line system: by facilitating increased energy to be processed through the existing network infrastructure than would otherwise be the case.

Should the change not be made on a permanent basis then Shell St Fergus will be required to revert to its legacy entry agreement limit of 51.2MJ/m<sup>3</sup>, which is below the GS(M)R limit of 51.4 MJ/m<sup>3</sup> and below the operating limit permitted by UK law and which other parties delivering gas to the NTS already have in place. Moreover, it will limit the ability to optimise energy delivered to the National Grid at the St Fergus Shell Terminal.

We note National Grid's assessment<sup>iii</sup> of our proposal UNC 0826: Amendment to Network Entry Provision at Shell St Fergus Terminal<sup>iv</sup>, which sought a temporary increase of the upper WI that applies between National Gas and Shell at St Fergus and which National Gas presented in the November Transmission Working Group that in their view, this is a low impact change to equalise the Wobbe spec for Shell with other terminals and, therefore, they do not believe there would be value in lengthening the timeframe for this Modification's passage through the governance process by completing network penetration analysis.

**Self-Governance Statement:** *Please provide your views on the self-governance statement.*

The Modification would have no detrimental impact on competition and is not deemed material due to other network entry parties already operating to the requested increased Wobbe Index limit.

No other pipeline incomers entering the NTS at St Fergus have gas sources above the existing GS(M)R Wobbe Index upper limit, therefore this amendment will not unduly discriminate.

The modification: is unlikely to have a material effect on:

- (a) existing or future gas consumers; and
- (b) competition in the shipping, transportation or supply of gas conveyed through pipes or any commercial activities connected with the shipping, transportation or supply of gas conveyed through pipes; and
- (c) the operation of one or more pipe-line system(s); and
- (d) matters relating to sustainable development, safety or security of supply, or the management of market or network emergencies; and
- (e) the uniform network code governance procedures or the network code modification procedures; and is unlikely to discriminate between different classes of parties to the uniform network code/relevant gas transporters, gas shippers or DN operators.

**Implementation:** *What lead-time do you wish to see prior to implementation and why?*

Should the Modification Panel make a determination to implement this Proposal, no further development is required so the proposer is seeking implementation as soon as possible in order to maintain the increase in energy deliveries enabled through our temporary modification proposal, 0826S.

**Impacts and Costs:** *What analysis, development and ongoing costs would you face?*

No detrimental impact or increase in costs for other network users is foreseen by implementation of this proposal on the basis of the minor increase in the Upper WI limit; the relatively small percentage increase in energy and volumes, compared to overall St Fergus volumes / energy content and comingling with other gases before entering the NTS, all of which are within the GS(M)R limit.

**Legal Text:** *Are you satisfied that the legal text will deliver the intent of the Solution?*

No change to the text of the UNC is required since this is an enabling Modification in accordance with UNC Transportation Principal Document Section I 2.2.3 (a).

**Are there any errors or omissions in this Modification Report that you think should be taken into account?** *Include details of any impacts/costs to your organisation that are directly related to this.*

No.

**Please provide below any additional analysis or information to support your representation**

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<sup>i</sup> [https://www.ofgem.gov.uk/sites/default/files/docs/2020/01/tdcvs\\_2020\\_decision\\_letter\\_0.pdf](https://www.ofgem.gov.uk/sites/default/files/docs/2020/01/tdcvs_2020_decision_letter_0.pdf)

<sup>ii</sup> <https://www.nationalgas.com/electricity-transmission/document/144421/download>

<sup>iii</sup> <https://www.gasgovernance.co.uk/sites/default/files/ggf/2022-10/6.2%20UNC0826%20-%20NG%20view.pdf>

<sup>iv</sup> <https://www.gasgovernance.co.uk/sites/default/files/ggf/book/2022-10/Modification%200826%20V2.0.pdf>